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For Consent to Transfer of Control

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

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Summary

The National ALEC Association/Prepaid Communications Association (“NALA/PCA”) hereby requests that the Commission impose certain conditions on Bell Atlantic Corporation (“Bell Atlantic”) and GTE Corporation (“GTE”) (collectively “BA/GTE”) in connection with their proposed merger. NALA/PCA is an organization comprised of alternative local exchange carriers (“ALECs”) which resell local telephone services to hundreds of thousands of residential consumers unwanted by traditional telephone companies. NALA/PCA members rely on Bell Atlantic and GTE for their underlying facilities and support functions in many markets.

The Commission should evaluate the BA/GTE merger using the same standards it used in connection with the SBC/Ameritech merger. While GTE attempts to cast itself as a small incumbent local exchange carrier (“ILEC”), the fact is that the FCC in October deemed GTE as one of six (now five) remaining major ILECs. With the BA/GTE merger, the number of major ILECs will be reduced to four. Accordingly, the anticompetitive concerns raised by the SBC/Ameritech merger -- a decrease in competition in local markets from major ILECs, an increase in the incentive and ability of the larger merged entity to discriminate against rivals in retail markets, and loss of a comparative benchmark for competitive practices -- are equally applicable to the BA/GTE merger. Thus, BA/GTE’s merger commitments should be at least as extensive as those agreed to by SBC/Ameritech.

As discussed herein, NALA/PCA proposes that the FCC impose on BA/GTE nine conditions, in addition to those the applicants have already proposed, which will enable NALA/PCA members to continue to provide resold local telephone service to the public. These nine conditions would require BA/GTE to: (1) offer a larger resale discount for residential lines; (2) waive or reduce OSS charges; (3) block directory assistance, directory assistance call completion, and usage based local toll calls throughout its service territory; (4) offer a flat-rate

local service option in New York City; (5) offer free toll blocking; (6) commit to eliminate delays and errors in connecting new customers; (7) resell voice mail services; (8) reform their billing processes; and (9) commit to improve their dispute resolution processes.

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**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In re Applications of)	
)	
GTE Corporation,)	CC Docket No. 98-184
Transferor,)	
)	
and)	
)	
Bell Atlantic Corporation,)	
Transferee,)	
)	
For Consent to Transfer of Control)	

**COMMENTS OF
NATIONAL ALEC ASSOCIATION/PREPAID COMMUNICATIONS ASSOCIATION**

The National ALEC Association/Prepaid Communications Association (“NALA/PCA”) hereby submits these comments on the Supplemental Filing of GTE Corporation (“GTE”) and Bell Atlantic Corporation (“Bell Atlantic”) (collectively “BA/GTE”) in connection with its proposed merger.¹ For the reasons stated below, NALA/PCA submits that the proposed merger of Bell Atlantic and GTE raises the same anticompetitive concerns as the merger of SBC and Ameritech. Thus, BA/GTE’s merger commitments should be at least as extensive as those agreed to by SBC/Ameritech. Accordingly, NALA/PCA requests that, in the absence of a voluntary commitment by BA/GTE, the Commission should require BA/GTE to meet the conditions discussed below before approval of the merger.

¹ See Supplemental Filing of Bell Atlantic and GTE, CC Docket No. 98-184 (Jan. 27, 2000) (“Supplemental Filing”); see also “Commission Seeks Comment on Supplemental Filing Submitted by Bell Atlantic Corporation and GTE Corporation,” Public Notice, DA 00-165 (Jan 31, 2000).

Background

NALA/PCA is a trade association comprised of companies that since 1996 have been providing prepaid local telephone service to hundreds of thousands of residential consumers unwanted by traditional telephone companies.² These consumers are unwanted because they may have poor credit histories, cannot provide a security deposit, had telephone service disconnected in the past, have past due balances, or lack sufficient identification. To eliminate some of the risk from providing service to these high risk consumers, NALA/PCA members require payment prior to providing service, but do not check credit or require security deposits. In addition, NALA/PCA members block access to long distance, directory assistance, operator services, and any other usage-based services that require the customer to incur charges above the monthly service charge. In many cases, the service provided by NALA/PCA members is the only option for local phone service, including access to 911 emergency service, for millions of American consumers.

In order to provide local phone services, NALA/PCA members resell the flat-rate, local telephone services of incumbent local exchange carriers ("ILECs"), including Bell Atlantic and

²In addition to service providers, NALA/PCA members include a wide range of companies that support the prepaid local services industry. NALA/PCA has been an active participant in a number of Commission proceedings addressing the anticompetitive practices of the incumbent local exchange carriers, such as Bell Atlantic and GTE. *See* Comments of NALA/PCA on SBC Communications, Inc.'s Application to Provide In-Region, InterLATA Services in Texas, CC Docket No. 00-4 (Jan. 31, 2000); Comments of NALA/PCA on Bell Atlantic's Application to Provide In-Region, InterLATA Services in New York, CC Docket No. 99-295 (Oct. 19, 1999); Comments of NALA/PCA on Applications of GTE Corporation and Bell Atlantic Corporation for Consent to Transfer of Control, CC Docket No. 98-184 (Aug. 10, 1999); Comments of NALA/PCA on Applications of Ameritech Corp. and SBC Communications, Inc. for Consent to Transfer of Control, CC Docket No. 98-141 (July 19, 1999); *see also* White Paper on Prepaid Local Phone Services Presented by the National ALEC Association (filed August 1999).

GTE.³ Unlike other resellers that compete with Bell Atlantic and GTE for customers, NALA/PCA members serve customers who would not otherwise have telephone service, thereby increasing revenues for Bell Atlantic and GTE. Too often, however, as discussed in more detail below, the actions and inactions of Bell Atlantic and GTE have created significant obstacles for NALA/PCA members. If NALA/PCA members are to continue to provide service to this unserved segment of the population in the BA/GTE region, the FCC must act consistently with the suggestions listed below.

I. The Anticompetitive Concerns Raised by the BA/GTE Merger Are Equal to Those Raised by the SBC/Ameritech Merger, and Similar Conditions Should Be Imposed

In October 1999, the Commission approved the merger of SBC Communications, Inc. ("SBC") and Ameritech Corporation ("Ameritech"), but only after the parties agreed to a number of procompetitive conditions.⁴ The Commission determined that without those conditions the merger would thwart competition in local markets by major ILECs,⁵ eliminate a significant

³The Commission has recognized that resale is an important entry strategy into the local exchange market. *See* Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, Interconnection Between Local Exchange Carriers and Commercial Mobile Radio Service Providers, 11 FCC Rcd 15499, ¶ 907 (Aug. 8, 1996) ("[I]n some areas and for some new entrants, we expect that the resale option will remain an important entry strategy over the longer term. Resale will also be an important entry strategy for small businesses that may lack capital to compete in the local exchange market by purchasing unbundled elements or by building their own networks.").

⁴ *See* In re Ameritech Corp. and SBC Communications Inc. For Consent to Transfer Control of Corporations Holding Commission Licenses and Lines Pursuant to Section 214 and 310(d) of the Communications Act and Parts 5, 22, 24, 25, 63, 90, 95 and 101 of the Commission's Rules, CC Docket No. 98-141, *Memorandum Opinion and Order*, 14 FCC Rcd 14712 (1999) ("SBC/Ameritech Order").

⁵ *Id.* at para. 56 ("the proposed merger between SBC and Ameritech significantly decreases the potential for competition in local telecommunications markets by large incumbent LECs. The merger eliminates SBC and Ameritech as significant potential participants in the mass market for local exchange and exchange access services in the other's regions. . . . As

benchmark for comparative practice analyses,⁶ and increase the incentives and ability of the larger merged entity to discriminate against rivals in retail markets.⁷ While BA/GTE attempts to convince the Commission that GTE is just a small, geographically dispersed ILEC,⁸ the Commission has already recognized that GTE is one of the few remaining major ILECs with the means to compete in other ILECs' markets.⁹ Further, while BA/GTE boasts that BA's merger with Vodafone will enhance BA's ability to compete with AT&T and Sprint in the wireless marketplace,¹⁰ it fails to acknowledge that the Commission considers ILECs with wireless

incumbent LECs, each firm is one of only a few potential entrants with the necessary systems, such as billing and operations support, required to provide local exchange services to residential and small business customers on a large scale.”).

⁶ Id. at para. 57 (“The merger of SBC and Ameritech -- two of the six remaining major incumbent LECs (the RBOCs and GTE) -- would have an adverse impact on the ability of regulators and competitors to implement the competitive goals of the 1996 Act by deregulatory means. Comparing the practices of independent firms can assist federal and state regulators in defining incumbent LEC obligations and in discovering new approaches and solutions to open markets to competition under sections 251 and 271 and state law. Such comparative practice analyses (or “benchmarking”) depend upon having a sufficient number of independent sources of observation available for comparison.”).

⁷ Id. at para. 60 (“the proposed merger also would increase the incentives and ability of the larger merged entity to discriminate against rivals in retail markets where the new SBC will be the dominant incumbent LEC. The merger will lead the merged entity to raise entry barriers that will adversely affect the ability of rivals to compete in the provision of retail advanced services, interexchange services, local exchange and exchange access services, thereby reducing competition and increasing prices for consumers of those services.”).

⁸ See Supplemental Filing at 10, 12-14.

⁹ See SBC/Ameritech Order at para. 57.

¹⁰ See Supplemental Filing at 7-9.

affiliates in out-of-region markets to be the prime contenders to provide competing local service in those markets due to their brand recognition and customer base.¹¹

Indeed, the concerns GTE recently expressed regarding the anticompetitive effects of the MCI-Worldcom/Sprint merger apply with equal force to its own merger with BA. For example, GTE notes how the Commission indicated that MCI-Worldcom and Sprint “possess all of the incentives and capabilities to compete in the . . . local market” and that “each alone will be an effective participant in the local marketplace.”¹² GTE then concludes that the MCI-Worldcom/Sprint merger will “actually undermine . . . competition by eliminating a significant local entrant.”¹³ The very same can be said about the elimination of GTE and Bell Atlantic as entrants into each other’s local marketplaces. Of course, as the Commission has already recognized, the elimination of an ILEC as a local entrant is particularly harmful given that an ILEC is “one of only a few potential entrants with the necessary systems, such as billing and operations support, required to provide local exchange services to residential and small business customers on a large scale.”¹⁴

¹¹ See SBC/Ameritech Order at para. 56 (“Moreover, in out-of-region markets in which either Applicant has a cellular affiliate, it also has a base of customers to whom it can offer wireline local exchange services, potentially bundled with cellular and other offerings. Finally, in both adjacent and cellular out-of-region markets, SBC and Ameritech have brand recognition with mass market customers that would provide a strong and often unique advantage in providing competitive wireline services.”).

¹² See Petition of GTE Service Corporation and GTE Internetworking to Deny Application or Condition Merger on Fully Effective Internet Backbone Divestiture, CC Docket No. 99-333 (Feb. 18, 2000) at 16.

¹³ Id. at 17.

¹⁴ See SBC/Ameritech Order at para. 57.

Thus, despite BA/GTE's claims to the contrary, its merger presents anticompetitive concerns equal in size and scope to those resulting from the merger of SBC and Ameritech—perhaps even greater considering that now only five major ILECs remain. Thus, to alleviate these anticompetitive effects, the Commission should impose conditions upon BA/GTE that are at least as extensive as those agreed to by SBC and Ameritech. The conditions proposed by BA/GTE do not come close to meeting this standard.

II. BA/GTE Should Offer a Larger Resale Discount for Residential Lines

The Commission should require BA/GTE to offer a higher resale discount for residential subscriber lines. BA/GTE argues that SBC/Ameritech agreed to a promotional resale discount to offset the probable competition that would have developed between SBC and Ameritech absent the merger. Bell Atlantic and GTE, however, contend that they would have never competed with one another for residential service, thus, the merger will not result in a loss of potential competition.¹⁵ Given the size of both companies and their substantial wireless assets, it is hard to believe that GTE and Bell Atlantic would not have competed in each other's residential markets. In fact, GTE boasts that it has already established a CLEC affiliate that serves 60,000 local customers outside of its local service territory.¹⁶ Indeed, it is likely that the GTE and Bell Atlantic would have expanded into the other's enormously lucrative local market, particularly in states where GTE and BA both have local facilities, such as in Pennsylvania and Virginia. The simple fact is that this merger will decrease competition in the Bell Atlantic and GTE regions

¹⁵ See Supplemental Filing at 27.

¹⁶ See Supplemental Filing at 10.

and, accordingly, BA/GTE, like SBC/Ameritech, should agree to a higher resale discount to offset this loss of competition.

The present discount levels offered in the BA/GTE region, which vary from 12 to 19 percent, are far too low.¹⁷ By analogy, resellers of paging services often enjoy resale discounts of as much as 60 percent. Resellers of local services cannot sustain a profit with such slim margins given their significant accounting, auditing, billing, and marketing expenses. Accordingly, BA/GTE should agree to offer a resale discount in the 50-60 percent range.¹⁸

The Commission should also ensure that BA/GTE does not attempt to offset the loss in revenue resulting from a higher residential resale discount by increasing other charges, such as the suspension/restoral charge. NALA/PCA members are facing an attempt by SBC/Ameritech to increase the suspension/restoral subsequent to its agreement to increase its resale discount. Such a practice clearly violates the intent behind increasing the resale discount—to ignite the competition lost as the result of the merger.

III. BA/GTE Should Waive or Reduce OSS Charges

BA/GTE should also agree to waive or reduce charges for access to its OSS as a condition for approval of the merger. Access to OSS is crucial for successful operations of ILEC resellers. SBC/Ameritech agreed to eliminate flat-rate monthly charges for access to its OSS, yet

¹⁷See Ken Branson, Is Local Resale a Sinking Ship?, Phone Plus, May 1999; Ernest B. Kelly III, Realizing Their Own Worst Nightmare, Phone Plus, May 1999.

¹⁸SBC and Ameritech agreed to a 32% resale discount. See SBC/Ameritech Conditions at paras. 47-49.

BA/GTE does not offer to decrease OSS charges at all.¹⁹ Like SBC/Ameritech, BA/GTE should waive or reduce its OSS charges in order to spur the competition lost as a result of this merger.

IV. BA/GTE Should Resell Blocking of Directory Assistance and Directory Assistance Call Completion

NALA/PCA members provide local phone service to those customers who primarily have had their local exchange service terminated for nonpayment of their telephone bills. Because the service is prepaid, it is important that the cost of the service to the consumer does not change each month. Thus, prepaid local providers must block all services that could result in per call or per minute charges, including toll,²⁰ operator services, information services, directory assistance (“DA”), and DA call completion.²¹

Bell Atlantic blocks some but not all of the services for which prepaid local providers require blocking. For example, Bell Atlantic does not block directory assistance throughout its service territory.²² In February 1999, NALA/PCA requested that Bell Atlantic develop a product or service functionality throughout Bell Atlantic’s territory that would allow resellers to block their customers’ access to directory assistance (and, consequently, DA Call Completion).²³ In response, Bell Atlantic told NALA/PCA that it had “no plans” to develop such a product because

¹⁹ See SBC/Ameritech Conditions at para. 35.

²⁰ Customers of prepaid local service providers make long distance calls by using calling cards or other services that rely on access through toll-free numbers.

²¹ DA Call Completion service permits a caller to obtain a phone number and, for an additional charge, be connected to that number, which in some cases results in a toll call.

²² Bell Atlantic offers DA blocking in its northern region--the former Nynex states such as New York--but not in the original Bell Atlantic states, which is now known as Bell Atlantic-South. Thus, there is no question that DA blocking is technically feasible.

²³ See Exhibit A.

of economics, demands on internal resources, and because it had no legal obligation to provide such a service.²⁴

NALA/PCA members subsequently met with Bell Atlantic to further discuss DA blocking. In response, Bell Atlantic proposed to implement, within six to nine months, DA blocking in its southern region for a \$100,000 up front fee plus a monthly charge of \$2.00 per line. NALA/PCA members rejected the proposal because of the exorbitant, non-cost-based charges.²⁵ Eventually, NALA/PCA filed a complaint before the Pennsylvania Public Utilities Commission regarding this issue.²⁶

Accordingly, the Commission should require BA/GTE to offer blocking of DA and DA call completion at cost-based rates to resellers throughout its region. Such a requirement will enable NALA/PCA members to continue to provide prepaid local services to those customers cut off from the BA/GTE network.

V. BA/GTE Should Offer Resellers a Flat-Rate Local Service Option in All of Its Markets

Prepaid local carriers provide service by reselling the ILECs' flat-rate local service and blocking all usage-based calls. In a number of markets, however, subscribers of flat-rate local service incur usage-based charges by making local calls outside of their local calling area.²⁷ For

²⁴See Exhibit B.

²⁵See Exhibit C.

²⁶ See Cellular Rentals, Inc. (d/b/a PA. Telecom) and the National ALEC Association v. Bell Atlantic-Pennsylvania, Inc. (Docket No. C-00992772).

²⁷In New York City, Bell Atlantic does not offer a flat-rate telephone service at all, making prepaid local service nearly impossible to provide in the metropolitan area with likely the greatest need for the service.

example, in Philadelphia and Pittsburgh, Bell Atlantic offers Metro Band Calling as part of its unlimited local service package, which enables customers to make usage-sensitive metropolitan area regional toll or inter-zone toll calls.²⁸ Bell Atlantic offers a similar service in Boston.²⁹ These calls circumvent Bell Atlantic's toll blocking service.

NALA/PCA has requested that Bell Atlantic develop a toll restriction product or service functionality that could be purchased by resellers to restrict end users' access to metropolitan area regional toll and inter-zone calls in Philadelphia, Pittsburgh, and Boston.³⁰ Despite NALA/PCA's requests and evidence that metro market toll restriction products are available in other major metropolitan cities throughout the country, including Houston, Dallas, and Atlanta, Bell Atlantic has been unwilling to develop such a product or service functionality.³¹

NALA/PCA has reason to believe that Bell Atlantic offers such a toll restriction product in Baltimore and the District of Columbia, and that Bell Atlantic is able to restrict access to metro market calling in Philadelphia, Pittsburgh, and Boston, on an as needed basis, to curtail its own customers who have incurred significant past due toll charges. Pursuant to Section

²⁸NALA/PCA understands that GTE offers a similar service in Tampa, FL.

²⁹NALA/PCA members rebill their customers for these calls, however, customers rarely pay such charges. NALA/PCA members, however, remain responsible to pay the ILEC for such calls.

³⁰See Exhibits D and E.

³¹See Exhibit F. As noted earlier, NALA/PCA members met with Bell Atlantic to discuss the expansion of its blocking services. In response to the metro market problem, Bell Atlantic proposed to implement a toll restriction product within six to nine months for a \$100,000 up front fee plus a monthly charge per line. NALA/PCA members rejected this proposal as well. This matter is part of the complaint NALA/PCA filed against Bell Atlantic with the Pennsylvania Public Utilities Commission. See Cellular Rentals, Inc. (d/b/a PA. Telecom) and the National ALEC Association v. Bell Atlantic-Pennsylvania, Inc. (Docket No. C-00992772).

251(c)(4) of the Act, incumbent local exchange carriers must offer for resale “any telecommunications service that the carrier provides at retail to subscribers who are not telecommunications carriers.”³² Accordingly, if Bell Atlantic provides the aforementioned service to its retail customers, it must also offer the same service to NALA/PCA members. As a condition of its merger, the Commission should require BA/GTE to offer resellers a flat-rate local service in New York City and a service that blocks usage-based local calls in Pittsburgh, Philadelphia, and Boston.

VI. BA/GTE Should Offer Free Toll Blocking

Bell Atlantic’s current charges for toll blocking range from no charge in Pennsylvania to \$10.55 per month in New Jersey. Such a disparity in rates indicates that Bell Atlantic’s charge for toll blocking in New Jersey is not cost based. Because of the importance of toll blocking-- both to the prepaid local services industry and for the promotion of universal service-- BA/GTE should provide toll blocking service at no charge to resellers throughout its region.

VII. BA/GTE Should Commit to Eliminating Delays and Errors in Connecting New Customers

Speed and accuracy in provisioning service to new customers are crucial in the telecommunications marketplace. Because most customers do not have knowledge of the relationship between a reseller and its underlying carrier, the customer attributes any delays and errors in provisioning service to the reseller. Listed below are some of the problems NALA/PCA members have endured when Bell Atlantic is their underlying carrier. The Commission should require BA/GTE to remedy these problems as a condition for approval if its merger.

³²47 U.S.C. § 251(c)(4).

Bell Atlantic takes one to two weeks to initiate service for a reseller's customers if the order is sent by facsimile or overnight mail, and often five to seven days if the order is placed electronically.³³ This delay at times results in the reseller's customer asking for a refund. In many cases, orders are improperly processed. In particular, NALA/PCA members have experienced problems with Bell Atlantic's frequent error of not activating toll blocks on accounts. This error permits prepaid customers to make toll calls which are not part of the prepaid local service offering and to incur charges which are often not paid by customers.

NALA/PCA members have also experienced particular problems with ILECs who miss appointments to connect service to new customers. Bell Atlantic not only requires resellers to order a new due date if it misses the original appointment, but often charges the reseller for both the original order and the reorder. At times, Bell Atlantic has actually activated service for both the initial and second orders and then charged the reseller for a primary and a second line.

NALA/PCA members have also become frustrated with Bell Atlantic's inadequate testing and installation of the Network Interface Device ("NID") and its connection with the correct dial tone line wiring within the customer's premises. This inadequate testing frequently results in the misdirection of the dial tone signal within the customer's premises. Bell Atlantic should ensure that the phone rings in the home of the reseller's customer when initiating service, as it does with its own end user customers.

For NALA/PCA members, the end result is end-user customer complaints, substantial loss of subscribers and revenues, and a considerable increase in operational expenses. NALA/PCA members bear the inordinate cost of having Bell Atlantic field personnel make

³³Bell Atlantic will turn on service for its own customers in five days or less.

subsequent visits to the customer's premises in order to correct NID connection problems that were caused by Bell Atlantic's actions or omissions in the first place. In Pennsylvania, despite NALA/PCA members' efforts to negotiate a mutually agreeable solution to the NID interconnection and testing problem, NALA was forced to file a formal complaint against Bell Atlantic before the Pennsylvania Public Utilities Commission.³⁴

Finally, Bell Atlantic has recently shifted to resellers the burden of determining whether a customer's line is a primary or nonprimary line for purposes of applying the appropriate subscriber line charge.³⁵ Given Bell Atlantic's unique access to customer information, it is clearly in the better position to determine whether a customer's line is primary or not. For example, when a NALA/PCA member seeks to initiate service to a new customer, that customer's Bell Atlantic line may be in a suspend status awaiting disconnection. Thus, the NALA/PCA member line initially may be nonprimary but will become primary following disconnection. In other cases, there may be multiple lines and billing telephone numbers at a single address and it will not be evident to a NALA/PCA member whether its customer's line should be should treated as primary. In addition, only Bell Atlantic has access to information concerning nonpublished numbers, as well as future Bell Atlantic or CLEC connections or disconnections at any address. Despite its substantial advantage regarding access to customer information, Bell Atlantic now requires resellers to determine whether a line is primary or not. Such a requirement imposes substantial costs on resellers.

As discussed herein, Bell Atlantic has used a number of anticompetitive tactics to thwart

³⁴See Cellular Rentals, Inc. (d/b/a PA. Telecom) and the National ALEC Association v. Bell Atlantic-Pennsylvania, Inc. (Docket No. C-00992772).

³⁵ See Exhibit G.

competition in its local markets. Without a commitment from BA/GTE that it will commit to eliminating delays and errors in connecting resellers' customer and cease requiring resellers to determine whether a line is primary or not, these anticompetitive tactics will almost certainly spread to the GTE service territory after the merger.

VIII. BA/GTE Should Resell Voice Mail Services

Resellers' inability to resell ILEC voice mail service has restricted their service offerings in the local exchange market. Some PUCs have ruled that voice mail is not a "telecommunications service" and, therefore, is not subject to the resale requirements of Section 251(c)(4) of the Act.³⁶ The issue of whether ILECs must resell voice mail service is currently the subject of a proceeding before the FCC.³⁷

Without voice mail, prepaid local carriers cannot offer potential customers the same package of services ILECs offer. Even if voice mail is not subject to the resale requirements of the Act, however, it makes plain business sense for ILECs to resell voice mail to prepaid local carriers. By making voice mail available through resellers to customers the ILECs would not

³⁶See, e.g., Complaint of RCN Telecom Services of Massachusetts, Inc., D.T.E. 97-101 (Mass. Dep't of Telecommunications & Energy, 1998); MCI Telecommunications Corp., 1997 Ill. PUC LEXIS at 40 (Feb. 5, 1997); Petition for Arbitration of an Interconnection Agreement Between AT&T Communications of the Pacific Northwest, Inc. and US West Communications, Inc., 1997 Wash. LEXIS 49 (July 11, 1997); Petition of MCI Telecommunications and MCImetro Access Transmission Services of Virginia, Inc., Case No. PUC960113 (Va. Corp. Comm., May 8, 1997).

³⁷See Public Notice, "Petition for Declaratory Ruling of the Telecommunications Resellers Association," DA 98-520 (March 17, 1998).

otherwise serve, ILECs would receive revenues they would not otherwise enjoy. BA/GTE should be required to resell voice mail services throughout their service territories as a condition for approval of the merger.

IX. BA/GTE Should Commit to Reform Its Billing Processes

Many NALA/PCA members have encountered considerable problems with the billing practices of Bell Atlantic and GTE. When a NALA/PCA member requests that Bell Atlantic or GTE suspend or disconnect a customer's service due to nonpayment, then BA/GTE should stop billing for service to that customer beginning immediately after such request. In many cases, however, BA/GTE continues to charge the NALA/PCA member for service until the ILEC actually performs the suspension or disconnection, which may be days later. Accordingly, NALA/PCA urges the Commission to require BA/GTE to stop charging resellers for service to a customer from the time the reseller requests suspension or discontinuance of service to that customer.

X. BA/GTE Should Commit to Improve Its Dispute Resolution Processes

The resale agreements NALA/PCA members have with Bell Atlantic and GTE have detailed dispute resolution procedures. Like most ILECs, however, Bell Atlantic and GTE permit disputed charges to linger for months, and even years, without resolution. As a result, the reseller's outstanding balance grows on a monthly basis while it accrues late fees.

Bell Atlantic's own "Resale Handbook" states that, with respect to disputes in the Bell Atlantic North region, "within 2 business days from receipt of a claim, the representative will contact the Reseller with an expected date of resolution."³⁸ With respect to the Bell Atlantic

³⁸ See Exhibit H (Section 4.4.8 of Bell Atlantic's Resale Handbook Volume III, available at http://www.bellatlantic.com/wholesale/html/handbooks/resale/volume_3/r3s4_4.htm).

South region, Bell Atlantic states that disputes "are handled as promptly as possible" and that Bell Atlantic will indicate an "expected date for resolution" for disputes that cannot be resolved within thirty days.³⁹ Bell Atlantic has not been following its own stated practices. BA/GTE should commit to resolve billing disputes with resellers in a timely fashion, preferably within 60 days of when BA/GTE is notified of such dispute.

Conclusion

Therefore, based on the foregoing, NALA/PCA urges the Commission to act in a manner consistent with the views expressed in these Comments.

Respectfully submitted,

**NATIONAL ALEC ASSOCIATION/
PREPAID COMMUNICATIONS
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March 1, 2000

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³⁹See Exhibit I (Section 5.1.4 Bell Atlantic's Resale Handbook Volume III, available at http://www.bellatlantic.com/wholesale/html/handbooks/resale/volume_3/r3s5_1.htm).

Exhibit A

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February 17, 1999

Via Facsimile (914) 422-0919 and Regular Mail

Ms. Georgene Horton
Director - Account Management Resale Services
Bell Atlantic Network Services
222 Bloomingdale Road
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Dear Ms. Horton:

We are writing on behalf of our client, Mid-Atlantic Associations of ALECs ("MAA"), to request the development of a product or service functionality throughout the Bell Atlantic territory that would allow resellers of Bell Atlantic's local exchange services to block their end-user customers' access to directory assistance (i.e., "411" and "555-1212" calls). As you are aware, MAA members provide resold local exchange services to high-risk end-user customers that typically have been disconnected by Bell Atlantic for nonpayment of long distance charges. In order to provide local exchange services to these customers at a reasonable price, MAA members must be able to effectively block their customers from incurring any usage-based charges, including charges associated with directory assistance. The problem is exacerbated when, after obtaining the telephone number from directory assistance, the customer chooses to have Bell Atlantic complete the call, incurring charges in addition to those for directory assistance.

Currently, it appears that carrier-controlled, directory assistance blocking is not available throughout the Bell Atlantic region. Bell Atlantic's Voluntary Toll Restriction Option does not block directory assistance. Bell Atlantic's Call Gate Service could be used to block directory assistance, but the service is controlled by the end-user, not the carrier. Accordingly, neither of these blocking options adequately address the service needs of MAA members.

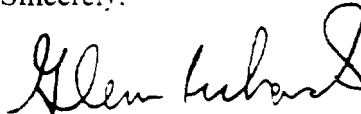
MAA believes that a carrier-controlled, directory assistance blocking service would mutually benefit both resellers and Bell Atlantic. Directory assistance blocking promotes the goals of universal service by increasing the potential for widespread telephone subscribership, and is also fully consistent with the regulatory policies of the FCC and the state commissions. Indeed, most of the major LECs throughout the country, including those with service territories

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in the mid-Atlantic region provide directory assistance blocking. Moreover, it is our understanding that Bell Atlantic offers directory assistance blocking in parts of its northern region. Accordingly, because Bell Atlantic possesses the technical ability to provide this service, it should not be difficult or costly to implement directory assistance blocking throughout the Bell Atlantic region.

MAA would like to work with Bell Atlantic to develop a directory assistance blocking service, but time is of the essence. We therefore ask that you contact the undersigned as soon as possible so that we may begin the process.

Sincerely,

A handwritten signature in cursive script, appearing to read "Glenn Richards".

Glenn S. Richards

cc: Michael Daly (via facsimile)
Chad Hazam (via facsimile)

JF DATA CLIENT 59 6068 HORTON 001